

Streamlining Income-driven, Manageable Payments on Loans for Education (SIMPLE) Act

Introduced by: Congresswoman Suzanne Bonamici (D-OR) and Congressman Brian Fitzpatrick (R-PA)

The Problem: Unaffordable and Complicated Loan Repayment Options

As college continues to become less affordable and more students take out loans to finance their education, the number and percentage of defaulted borrowers continues to grow, with over one million borrowers defaulting on their student loans each year. Defaults disproportionately affect the most vulnerable borrowers – those with low-incomes and those who are saddled with up to \$10,000 in debt and without a degree to show for it.

For the thousands of people who default on their student loans every day, the consequences are severe and include loss of access to federal student aid, withholding of tax refunds and social security benefits, and wage garnishments. Credit reporting agencies also gain access to loan default records, hindering the ability of defaulted borrowers to access capital for homes or cars. Defaulting on student loans can create long-term financial damage that is difficult for many borrowers to recover from.

The Solution: Streamlined Repayment Options Through Income-Driven Repayment

Encouragingly, over the last few years, the Biden-Harris administration has taken historic steps to protect borrowers creating a simpler path to loan forgiveness and erasing the effects of delinquency and default to re-enter their student loan payments in good financial standing. The Administration has also made improvements to Income Driven Repayment (IDR) plans, recognizing that these types of plans reduce borrowers' likelihood of defaulting or falling behind on their payments. Although executive action to protect borrowers is welcome and long-overdue, Congress must simplify the borrowing process for students and streamline the process of enrolling in affordable IDR plans. The *Streamlining Income-driven, Manageable Payments on Loans for Education (SIMPLE) Act* is meaningful legislation that would accomplish these goals and provide borrowers with a stronger safety net to confidently repay their loans and, where possible, connect to opportunities for debt relief.

The *SIMPLE Act* prioritizes and protects vulnerable borrowers and makes student loans more affordable by:

- Allowing the taxpayer information obtained by the Department of Education (ED) from the U.S. Treasury to automatically verify totally and permanently disabled borrowers' continued eligibility for a loan discharge during the three-year monitoring period, protecting these borrowers from delinquency and default;
- Requiring ED to use income information on file at the U.S. Treasury to send personalized notices to borrowers in immediate danger of defaulting that show the lower monthly payments available to them under IDR plans, and automatically enroll borrowers who continue to progress toward default in IDR plans to help avert default;
- Using defaulted borrowers' income information to automatically enroll these borrowers in an IDR plan upon completion of loan rehabilitation; and
- Eliminating annual paperwork requirements for borrowers currently enrolled in IDR plans.